SERVICES 2000:

Canadian Services Industries and the GATS 2000 Negotiation

CANADIAN TOURISM SERVICES

A Consultation Paper
in preparation for the World Trade Organization (WTO)
General Agreement on Trade in Services (GATS) Negotiations

Canada

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I. INTRODUCTION

One of the key accomplishments of the last round of multilateral trade negotiations was the signing of the General Agreement on Trade in Services (GATS). This Agreement resulted in improved rules governing international trade in services. While much was accomplished during the first round of negotiations on trade in services, there remains room for improvement, for expanding the coverage of commitments, and for eliminating trade restrictions. A new round of negotiations was launched in February 2000. Through these negotiations, countries are seeking to expand the existing commitments in trade in services.

Promoting trade liberalization continues to be an objective of the Canadian government. Strengthening and expanding the GATS is key to capitalizing on trade opportunities, increasing exports from our service sectors, and creating jobs and growth for all Canadians. Increased access to international trade and investment opportunities for the service industries results not only in job creation in this sector, but also in the creation of opportunities for all businesses.

The GATS is not just a treaty between governments; it is first and foremost an instrument for the benefit of business in general. Specifically, it increases opportunities for service companies wishing to export services or to invest and operate abroad. The Canadian government believes that further liberalization under the GATS will benefit Canadian industry and individuals alike. Active involvement of the private sector is important to ensure successful negotiations, and business participation ensures that policy reflects the true export and economic interests of the Canadian service industries.

"Active service industries involvement in the negotiations is crucial to target Canadian negotiating objectives towards the priorities of business."

Over the coming months, Canada will be consulting closely with service providers, provincial governments and other interested parties to define Canadian objectives for the current round of GATS negotiations. The messages heard during these consultations will shape Canada's negotiation strategy.

This document represents the first step in a consultation process aimed at determining the negotiating position of the Canadian *Tourism Services* sector. The existing definition of this sector is based on the *World Trade Organization's Services Sectoral Classification* used by the majority of Member countries (i.e. countries that are signatories to the World Trade Organization and thus the GATS). It includes hotels and restaurants (including catering), travel agencies and tour operators services, tourist guide services and other tourism services.

It is our hope that the following analysis will provide valuable information while soliciting the views of industry members. Within this document you will find:

- A brief review of the General Agreement on Trade in Services (GATS);
- An overview of the service industries within a global and domestic context;
- An analysis of the travel services sector globally and in Canada;
- A discussion of the changing international and domestic regulatory and trade environments;
- An analysis of current GATS commitments related to travel services; and
- Initial Canadian objectives for GATS 2000.

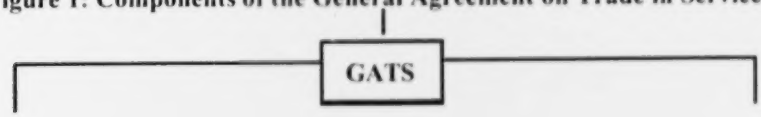
II. REVIEW OF THE GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)

What is the GATS?

The General Agreement on Trade in Services (GATS), negotiated during the Uruguay Round, is a multilateral, comprehensive framework of rules governing trade in services. It applies to all service sectors and all forms of trade in services, including investment. It comprises three parts:

1) the general framework of rules and obligations;
2) individual schedules of commitments for each WTO Member, which specify, on a sector-by-sector basis, the conditions under which foreigners may supply services;
3) annexes and ministerial decisions.

Figure 1: Components of the General Agreement on Trade in Services (GATS)



Framework of Rules

Contains general obligations conducive to international trade in services, including:

- Most-Favoured-Nation treatment
- Transparency
- Increased participation of developing countries
- Economic integration
- Domestic regulation
- Monopolies and exclusive service suppliers
- Business practices
- Emergency safeguard measures
- Payments and transfers
- Restrictions to safeguard the balance of payments
- Government procurement
- General exceptions
- Subsidies

National Schedules of Commitments

Submitted by each of the 133 WTO signatory countries. The schedules contain commitments regarding restrictions and limitations to market access and national treatment. Schedules typically comprise:

- Horizontal commitments
- Industry-specific commitments with respect to 4 modes of supply:
  - cross-border supply
  - consumption abroad
  - commercial presence
  - presence of natural persons
- MFN exemptions (optional)

Annexes and Ministerial Decisions

Provide information regarding on-going negotiations and rights to temporary MFN exemptions, including:

- Annex on MFN exemptions
- Annex on movement of natural persons supplying services under the Agreement
- Annex on air transport services
- Annex on financial services
- Second annex on financial services
- Annex on negotiations on maritime transport services
- Annex on telecommunications
- Annex on negotiations on basic telecommunications
- Decision on Institutional Arrangements for the GATS
- Decision on Certain Dispute Settlement Procedures for the GATS
- Decision on Trade in Services and the Environment
- Decision on Negotiations on Movement of Natural Persons
- Decision on Negotiations on Maritime Transport Services
- Decision on Financial Services
- Decision on Negotiations on Basic Telecommunications
- Decision on Professional Services
- Understanding on Commitments in Financial Services

The multilateral trading system, under which the GATS was negotiated, has existed for fifty years. Among the outcomes of the previous round of negotiations was the establishment of the World

Trade Organisation (WTO). This organization is responsible for overseeing the implementation of the various multilateral trade agreements and the dispute settlement mechanisms. The current round of GATS negotiations (GATS 2000) was launched in February 2000 under the auspices of the WTO.

While the GATS is a government-to-government agreement, it is of direct relevance to firms because it lays down the framework of international rules within which firms operate around the globe. The GATS establishes a basic set of rules for world trade in services, a clear set of obligations for each Member country, and a legal structure for ensuring that those obligations are observed. This allows firms to identify which markets are open to foreign service providers and to be sure that these markets will remain open in the future. In the event of a disagreement, the Agreement contains a dispute settlement mechanism through which Member countries can attempt to obtain the treatment to which they are entitled.

The Agreement establishes a basic set of rules for world trade in services, a clear set of obligations for each Member country and a legal structure for ensuring that those obligations are observed.

The GATS covers virtually every aspect of services trade, including:

- the majority of services;
- almost all the major world markets;
- the different means by which a service can be supplied to a foreign market customer; and
- the establishment of commercial operations in foreign markets.

The GATS should be one of the key reference texts used by corporate planners seeking to exploit foreign opportunities, especially outside North America. The current round of the GATS negotiations should be a key focus for action by business.

To whom does the GATS apply?

All Members of the WTO must abide by the GATS. With 137 Members, the GATS covers over 90% of global trade in services. Most of the other major economies have applied to join the GATS, including Russia, Ukraine, China, Taiwan, Vietnam, and Saudi Arabia. Once these countries are admitted, virtually 100% of trade in services will be taking place between countries who have agreed to abide by the GATS rules.

What are the important obligations of the GATS?

The most important obligations of the GATS include the following:

Most-Favoured-Nation (MFN) Treatment. A WTO Member cannot discriminate among foreign service providers by offering more favourable treatment to service providers of any one country. Members are permitted to maintain existing measures which contravene the MFN obligation, but any exceptions must be clearly stated in the Member's MFN exemption list.

National Treatment. In the services sectors listed in a Member's schedule of commitments, the Member cannot take measures to discriminate between domestic and foreign service providers; in other words, foreign firms must be treated as favourably as domestic firms. Any measure which violates the national treatment obligation must be clearly inscribed in the Member's schedule of commitments.

Market Access. In the sectors listed in a Member's schedule of commitments, the Member cannot take measures which are defined in the GATS as restricting market access. Examples of measures which would restrict market access include: quotas, economic needs tests, requirements for certain types of legal entities, and maximum foreign shareholding limits. Any measure which violates the market access obligation must be clearly inscribed in the Member's schedule of commitments.

Domestic Regulation. Members' regulations must be administered in a reasonable, objective and impartial manner. Qualifications and licensing requirements and technical standards must be based on objective and transparent criteria, and not more burdensome than necessary to ensure the quality of the service.

Transparency. Members shall make public all measures which pertain to the GATS. The WTO must be notified of any relevant changes to government policies, regulations or administrative guidelines which significantly affect trade in services covered by the specific commitments under the Agreement. As well, Members must establish enquiry point and respond promptly to requests for information on their regulatory regimes.

In the event that a Member fails to carry out its obligations or specific commitments under the GATS, other Members have recourse to the WTO's dispute settlement mechanism.

How does the GATS relate to the day-to-day business of supplying a service?

The GATS covers all the major ways in which service suppliers serve their clients — the so-called "modes of supply." This means that countries have to say whether or not they allow:

- foreign firms to deal with clients in their market from across the border (i.e. electronically);
- their citizens to travel abroad to visit the supplier in order to consume a service;
- foreign service suppliers to establish an operation in their market; or
- suppliers to enter the country in person to do business.

As a result, firms know where they stand in foreign markets and in their dealings with foreign clients. If they encounter barriers related to these modes of supply, they can verify whether the GATS Member concerned has made legal commitments in this area and ask for the assistance of their government in resolving the issue. All Members have recourse to a dispute settlement process in case another Member does not conform to its obligations.

The Bottom Line

The GATS is a broad and comprehensive agreement which gives both guidance and enforceable guarantees to service suppliers who are seeking to supply services to foreign clients. Whatever the service sector, whatever the means of supplying the service and whatever the target markets within the WTO Member countries, the provisions of the GATS provide guidance. When in doubt about their rights in a foreign market, or when seeking to clarify the opportunities open to them, the GATS should be a first point of reference for all service suppliers.

The GATS is primarily helpful to service exporters, but it also benefits other Canadians. Because it promotes trade and competition in services, business and consumer users of services have access to a broader spectrum of service suppliers and more competitive prices. All citizens stand to benefit from the new job opportunities and growth which can result from increased trade in services.

As the Canadian government conducts its consultations, the industry and other interested parties have an opportunity to identify the foreign trade restrictions they would like to see alleviated. Armed with this information, the government will strive to achieve an agreement that reflects the interests of the Canadian industry and public.

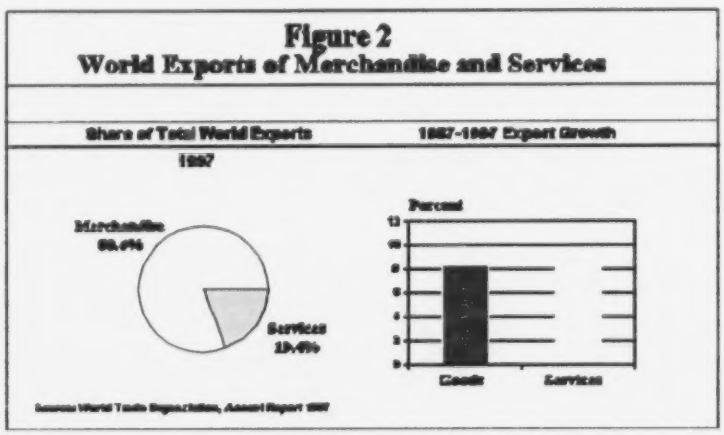
III. THE IMPORTANCE OF TRADE IN SERVICES

The International Picture

Within the global economy, the significance of trade in services is hard to ignore. In 1997, world trade in commercial services, measured on a balance of payments basis, accounted for approximately one-fifth of total global exports (US$6.8 trillion). Consequently, trade in commercial services are currently valued at more that US$ 1.2 trillion worldwide.

However, commercial potential extends significantly beyond simple cross-border flows of services. It is estimated that trade in services through commercial presence could be at least as large as cross-border trade — that means that the balance of payments figures may only account for half the actual trade in services.* Several groups argue that services account for approximately 60% of the world's economic output, or more than US$14 trillion in economic activity which could be within the reach of international competition.

Figure 2
World Exports of Merchandise and Services



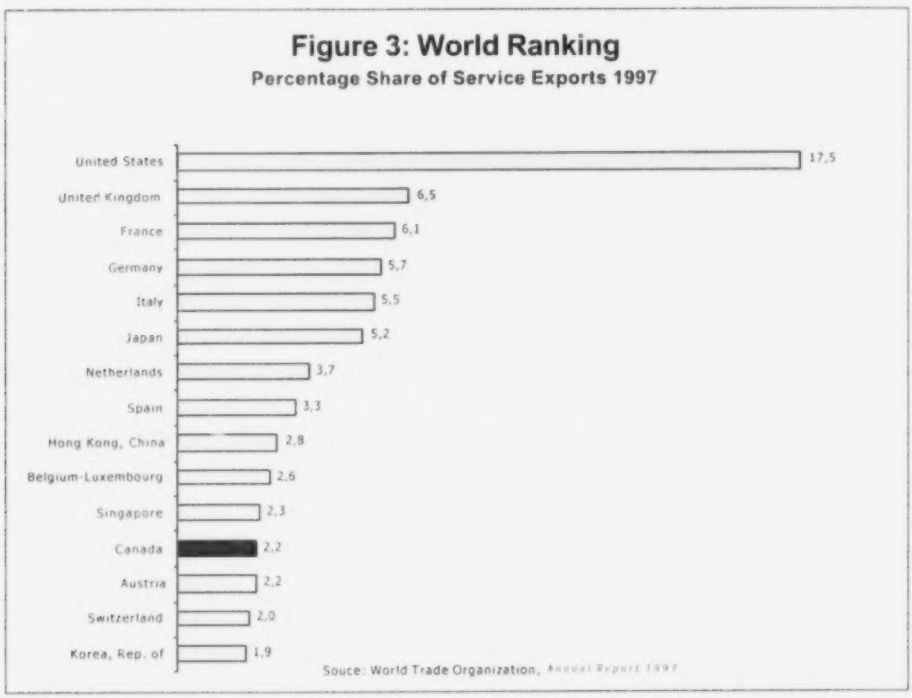
*** Cross-border trade in services** — where trade takes place from the territory of one Member into that of another. Only the service itself crosses the border, without the movement of persons, e.g. engineering plans sent by wire or satellite.

Commercial presence — any type of business or professional establishment, including branches and representative offices, e.g. direct investment in the host country. This data is currently unavailable.

Canada's Position

The service industries already play an important role in the Canadian economy and are growing faster than other components of Canadian Gross Domestic Product (GDP). Currently, these industries account for two thirds of Canada's GDP, almost three-quarters of employment, and nearly 90% of new job creation in Canada.

In 1997, the service industries generated 12.1% of total exports, and these exports accounted for 4.8% of Canada's GDP. At the same time, service imports represented 5.8% of Canada's GDP. Between 1987 and 1997, service exports grew on average by 9.1% per year, with commercial service exports growing at a more rapid pace of 11.2% per year. In addition, Canada's trade deficit in services fell from a peak of $13.4 billion in 1993 to $8.8 billion in 1997. As a result, Canada ranked 12th in the world for its exports of services in 1997 — representing 2.2% of the world's total service exports.



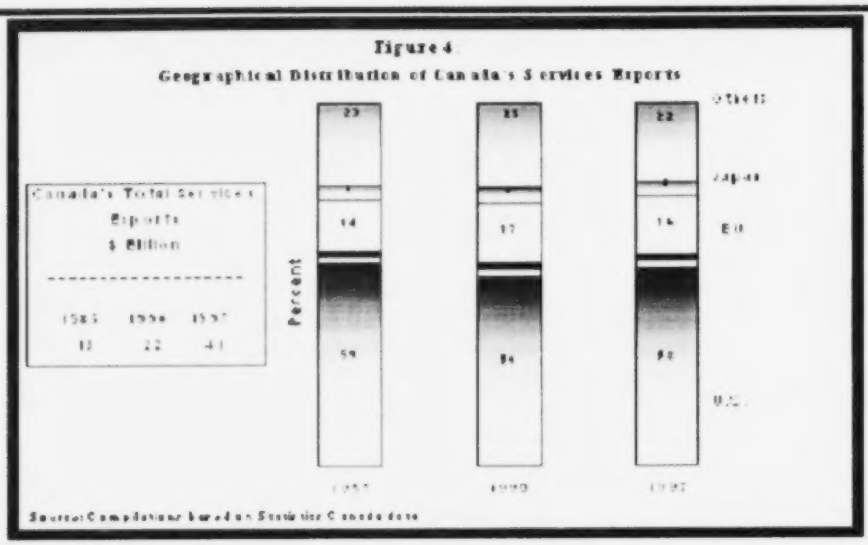


Figure 4
Geographical Distribution of Canada's Services Exports
Canada's Total Services Exports
$ Billion
1985 1990 1997
13 22 41
Percent
23
14
59
33
17
84
22
14
64

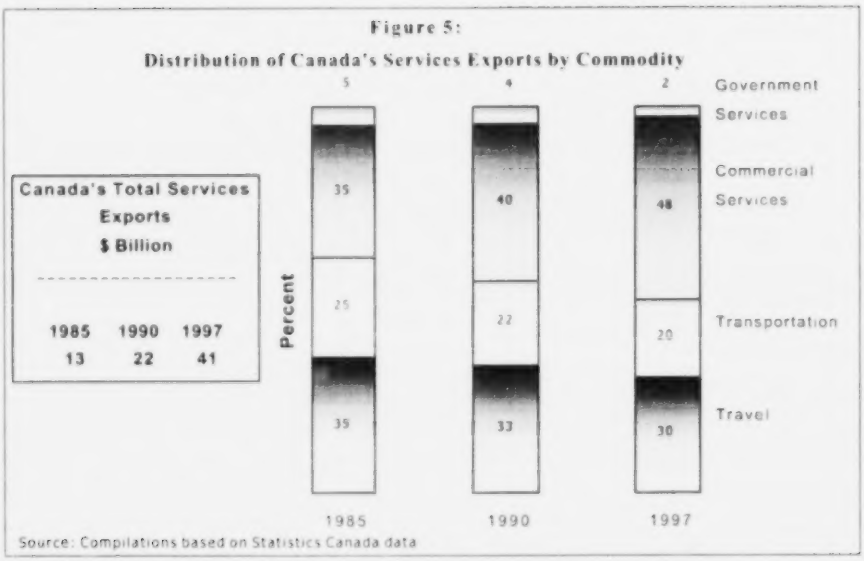


Figure 5:
Distribution of Canada's Services Exports by Commodity
Canada's Total Services Exports
$ Billion
1985 1990 1997
13 22 41
Percent
5
35
25
35
4
40
22
33
2
48
20
30
Government Services
Commercial Services
Transportation
Travel
1985
1990
1997
Source: Compilations based on Statistics Canada data

As with merchandise trade, the United States continues to be the main destination of Canada's service exports. However, exports of services are more internationally diversified and the United States accounts for only 60% of total exports as indicated in Figure 4. One-fifth of Canada's service exports are bound for the European Union and Japan. The rest of service exports go mostly to other Asia Pacific and Latin America countries.

Figure 5 shows that between 1985 and 1997, the share of commercial service exports in total service exports rose by 13 percentage points to 48%. Commercial services include: telecommunications; computer and information services; insurance and financial services; management consultant services; R&D services; and intellectual property services and royalties. During the same period, transportation and travel services grew at a slightly lower rate and now represent a smaller portion of Canada's service exports.

It is true that the 100 largest firms in the service sector account for almost 50% of Canada's trade in services. However, small and medium service firms are more likely to be engaged in exports than their goods producing counterparts.

... and this means?

In light of the increasing tradeability of services and the growing importance of the service industries to the economy, the prospects for more rapid growth in services trade are excellent. Canada clearly has the expertise and capabilities to succeed in selling its services into rapidly growing international markets. In particular, Canadian tourism services exporters should be able to capitalize on this growing trend of trade in services.

IV. TOURISM SERVICES INDUSTRY

The International Market

The tourism sector, broadly defined, is regarded as the world's largest industry and one of the fastest-growing, accounting for over one-third of the value of total international services trade. Highly labour-intensive, it is a major source of employment generation, especially in remote and rural areas. Tourism demand, both domestic and international, is directly related to income levels, and therefore has prospered as global wealth has increased.

Growth rates for international tourism activity, have been, and are projected to continue to be, substantially greater than the rates of growth of national income in general and world economic growth overall. International tourism has a very substantial impact on trade levels as well on foreign exchange earnings. Tourism is one sector in which developing countries, consistently run trade surpluses: in 1995, the net transfer between Organization for Economic Cooperation and Development (OECD) and non-OECD countries was US$23billion, up sharply form only US$6.2 billion in 1985.

According to the World Tourism Organization, world-wide international tourism receipts for 1998 totalled US$439 billion (excluding international transport), which is a 0.3 percent increase compared to US$438 billion in 1997. This figure was slightly more than one-third the value of total international trade in services. Tourism ranks in the top five export categories for 83 percent of countries, according to the World Tourism Organization, notably in Europe, the Middle East and the Americas, and is the leading source of foreign exchange in at least one in three developing countries. Countries with the highest ratios of tourism receipts to GNP are typically small island nations.

The Canadian Snapshot

The forecast growth in the international tourism industry, both globally and in Canada, provides an excellent opportunity for Canada to dramatically increase its tourism export revenues. Certainly, the most recent statistics support this assertion and, underline the importance of the tourism services industry to the Canadian economy in general. Within the economy the tourism sector ranks as Canada's 11th largest industry grouping in terms of contribution to GDP.

More specifically, tourism expenditures in Canada amounted to $9.4 billion during the first quarter of 1999, up 5.4% from the same quarter last year. This represents the lowest year-to-year increase since the third quarter of 1997. Spending by non-residents increased more than three times faster (12.8%) than

that of Canadian visitors within the country (3.5%). Expenditures by foreign visitors continued to set the pace for the sixth consecutive quarter and for twenty-two of the last twenty-five quarters.

In 1998 Canada ranked 8th out of the world's top 20 tourism earners with international tourism receipts at 9133m US Dollars. Canada was 9th overall with respect to the world's top 20 tourism destinations with 18 659 000 international tourist arrivals. Preliminary tourism GDP, at factor cost for 1998 is $19.2 billion.

The increase in tourism spending in the country was spread across all major categories with notable gains in hotel accommodation (8.2%) and passenger air transport (8.1%). In the first quarter of 1999, employment generated by tourism activities reached 499.3 thousand, up 1.7% from a year earlier. The strongest increase was recorded in the transportation category (5.3%).

On a seasonally adjusted basis, employment in tourism activities rose 2.0% (annual rates) from the previous quarter, a pace identical to that recorded in the fourth quarter of 1998. In comparison, employment in the overall business sector rose 2.8% (annual rates) in the first quarter of 1999.

Canada's total service exports in 1998 on a Balance of Payments basis measured $45, 901 million. Tourism Receipts amounted to 13, 935 million representing 30% of the total service exports.

Tourism Services

Tourism services are defined in the domestic context as the goods and services purchased directly by visitors when the loss of tourism demand in the economy would result in the disappearance or significant reduction in the overall sales of the product in question. For statistical measurement an accepted definition of "visitor" is someone who is travelling to a place other than that of their usual environment for less than 12 months and whose main purpose for the trip is other than the exercise of an activity remunerated from within the place visited. In Canada, the majority (75%) of supply of tourism services are consumed by domestic (Canadian) visitors rater than exports to international visitors.

How are tourism services classified in international trade?

The supply of international tourism services is characterized primarily by the cross-border movement of consumers – i.e. the consumer coming to the supplier, rather than the opposite as is the case with many other services. Tourism is actually composed, at least partially, of a significant number of services sectors; as a result, its full economic impact is often not clearly defined within national statistics.

The industry is highly infrastructure dependent, and relies upon various transport services to deliver clients. Because tourism services include, have an impact on, or are impacted by aspects of other services sectors, defining this sector for the purposes of an international trade agreement is one of its greatest challenges.

Currently for the purposes of the GATS Canada employs the definition of Tourism and Travel Related Services provided by the World Trade Organization Services Sectoral Classification. This definition of the tourism sector covers some accommodation, food and beverage services, travel agents and tour guides. This classification could be replaced in the North American Free Trade Agreement (NAFTA) by the North American Product Classification System which is being developed. Furthermore, for most non-trade agreement purposes, tourism services in Canada are currently defined by the Canadian Tourism Satellite Account (TSA), which is much broader than the GATS definition of tourism. The Canadian TSA is generally consistent with the Tourism Product Classification which is being considered by the United Nations Statistics Commission. Both the Canadian TSA and the proposed UN Tourism Product Classification of tourism services includes, among other things, passenger air and rail transport, vehicle rental and other transportation, accommodation, food and beverage services, recreation and travel agency services and convention fees.

Tourism under the GATS

Currently the majority of GATS signatories, including Canada, employ the definition of Tourism and Travel Related Services provided by the Central Product Classification (CPC) code. However, this definition is distinctly limited in scope and is divided into the following four sub-sectors:

A. Hotels and restaurants (including catering)
B. Travel agencies and tour operators services
C. Tourist guides services
D. Other

No further sub-classifications are currently provided for. The GATS definition of tourism leaves out many services activities, such as computer reservation systems, transport and car rentals, which are regarded by the World Tourism Organization as key tourism-related industries. Tourism activities which are part of more general services activities - most notably many transport services, but also including certain business services, distribution services, and recreational, cultural and sporting services – have typically been placed within those general services categories. While improvements to the current CPC code are underway, with respect to tourism services, the enhancements proposed would not result in any great changes with respect to the expansion of tourism categories.

Possible Changes to the GATS Tourism Classification

During the Uruguay Round, the Secretariat circulated a document entitled "Classification of Tourism-Related Services". The paper included an illustrative list of core tourism activities, based on the draft "Standard International Classification of Tourism Activities" (SICTA) of the World Tourism Organization. The SICTA identified approximately 70 specific activities related to supplying tourism services; in addition, another 70 activities at least partially concerned the supply of tourism services. An attribution of SICTA activities to CPC categories used by most signatories to the GATS has been made by the World Tourism Organization.

An updated version of this expanded definition of tourism forms the cornerstone of a proposal made by the Dominican Republic, El Salvador and Honduras favouring a more specific treatment of tourism services under the GATS. These countries have called for the development of an Annex on Tourism that they argue would better handle the specificities of this sector during and after the current round of services negotiations.

It is clear that the definition of tourism services for the purposes of international trade is an issue that needs to be addressed in the GATS negotiations.

What are Canada's Export Interests....

Given the importance of tourism to Canada's economy, it would seem logical that this country would continue to promote policies that encourage the cross-border movement of consumers - i.e. maximizing the number of travellers to and within Canada. The Canadian Tourism Commission (CTC) - a special operating agency of the federal government - was created to do just that and more. The CTC is a working partnership between tourism industry businesses and associations, provincial and territorial governments and the Government of Canada. The CTC is made up of industry representatives from across Canada acting to ensure that tourism remains a vibrant and profitable part of the Canadian economy. The main thrusts of the CTC are to position Canada as a desirable destination to both international and domestic travellers, and to provide timely and accurate information to the tourism industry to assist in decision-making.

However, Canada may have a number of other tourism related export interests. Specifically, this country has developed considerable expertise in the areas of tourism related knowledge and technology products and services. Canada embraces and promotes the adoption of new technologies and a new technology standards by the tourism industry especially to support e-commerce and knowledge exchange. This country is a leader in the adoption of extensible mark-up language (XML) as a standard to ease the transfer of information world-wide and has already begun to implement a tourism strategy for the information age through its online Canadian Tourism Exchange initiative. Other expertise developed by Canada with the potential for export include leadership in the areas of Satellite Accounting, sustainable

development practices and hotel management services. It should be noted that most of these areas are not currently captured by the four categories of the CPC definition.

As Canada enters the current round of GATS negotiations, it should be able to articulate its positions on the current definition of tourism services utilized by the majority of GATS members. In doing so, Canada must assess the benefits of developing/adopting an expanded definition of tourism services to its own needs respecting the export of tourism services. Finally, Canada must consider whether or not an Annex on Tourism would be an appropriate vehicle through which to conduct the next round of discussions on liberalization in this sector.

Questions for Consideration:

1. How does Canada feel about the current definition of tourism services currently utilized by most GATS members? Does Canada agree with the expanded definition of tourism services currently proposed by the World Tourism Organization and supported by a number of developing countries?

2. Does Canada think that the creation of a tourism annex would be an appropriate method for pursuing liberalization/negotiations in this sector?

3. Is the assessment of Canada's tourism services exports accurate? Are there other areas that should be included?

4. How important is it for Canada to ensure that its expertise with respect to Satellite Accounting, Sustainable development and other tourism services have the ability to be exported or have access to liberalized trade?

V. REGULATORY STRUCTURE AND RELEVANT TRADE ISSUES

Globally ...

In 1990, the Organization for Economic Cooperation and Development (OECD) published an Inventory of Obstacles to International Tourism in the OECD area. The study concluded that, *by comparison with other service sectors*, the tourism sector in OECD countries was "remarkably free from protectionist and discriminatory practices". Today, the same analysis holds true however restrictions or impediments to tourism trade do still exist and, generally, these can be divided into two separate categories:

- Those impediments that impact on the operations of individual travellers and,
- Those impediments that impact on the operation of tourist-related businesses.

Briefly, regulations or policies constituting a limitation on tourism trade because of the impact on individual travellers cover a broad range of issues including visa requirements, limitations on travel abroad, both inbound and outbound restrictions on foreign exchange, customs or barrier controls, departure taxes and, aviation and infrastructure issues. Impediments effecting tourism trade by impacting the operations of tourist related businesses include requirements for licences and approvals, import policies, foreign investment regulations for both businesses and property, taxes and charges, foreign exchange controls, stipulations regarding the repatriation of profits or capital, employment issues such as shortages of skilled staff and control over the hiring of non-nationals, aviation and infrastructure issues and, access to and affordability of technology and information systems.

Specific regulations applying to the tourism sector might have such objectives as consumer protection, ensuring financial responsibility, or the development of the local economy and the domestic tourist industry. However, it is important to note that many of the regulations affecting tourism, such as equity limitations on Foreign Direct Investment (FDI), tend to be the by-products of general economic, political and social concerns applying to a number of sectors. In some cases, restrictions might be imposed by both the services importer and the exporter. Such measures notably include immigration and security controls, together with documentation requirements, as well as any restrictions on currency movements which might be applied to individual tourists or tourism businesses.

Policies that have a critical impact on tourism services are often developed without consideration for their effect on this sector. For example, the World Tourism Organization has noted that adequate infrastructure must be in place (and sufficiently maintained) to support any intended tourism activities, both for domestic and international tourism. This most obviously includes airport facilities, port facilities, road systems and telecommunications, as well as water supplies, electric power and sewage treatment facilities. Regarding actual tourism facilities, adequate consideration must be given to lodging and food, as well as local transportation. Therefore, it is important for national tourism policies to focus on the vertical nature of the sector in regard to marketing and policy development.

Not surprisingly, tourism's various trade impediments can affect some countries more than others. While all countries bear the burden for developing and maintaining strong transportation infrastructures, this cost is particularly difficult for developing countries. Developing countries also face significant cost and technical barriers to global distribution systems (GDS) access: small airlines and tour operators find the booking fees of individual computer reservation systems (CRS) prohibitively high, and the "back office systems" in developing countries are also often insufficiently developed.

According to the UNCTAD, developing country tourism exports are hindered by the long distances of many developing countries from the main tourist-generating centres, and the high airfares caused by low air traffic density. The World Travel and Tourism Council (WTTC) has stated that protectionist aviation policies severely constrain the development of tourism by pulling customers away from the whole travel and tourism chain – from hotels, resorts, car rentals, computer reservations systems, entertainment, cultural attractions etc. A recent WTTC report strongly promotes aviation liberalization, noting that, in most countries, the gross receipts from hotels and other tourist activities are substantially greater than those of the national airline, and the "leakage" of foreign exchange earnings is proportionately much less.

In fact, aviation policies continue to be one of the most contentious areas affecting tourism. A WTTC official has claimed that many bilateral agreements encourage inefficiency in air transport by restricting market access, controlling prices and capacity, and protecting money-losing state carriers. In December 1994, the International Civil Aviation Organization held a worldwide conference to examine international air transport regulation. Although the "open skies" concept was considered, developing country and some developed country members perceived this to be a threat to their continued participation in international air transport. The conference therefore concluded with the decision that each State would choose its own pace for change, using bilateral, regional and multilateral mechanisms. Various options for gradual liberalization by developing countries were discussed, including the liberalization of charter flights as an initial step.

And in Canada ...

Currently, neither physical nor legal access are major impediments to visiting Canada or establishing a tourism related business here.

The Open Skies Agreement between Canada and the United States has significantly improved air access to our top markets. The agreement provides carriers of either nation unlimited access to trans-border routes. Since the signing of the agreement in February 1995, US carriers have commenced service on 51 new routes and Canadian carriers on 32 new routes. Increased capacity within North America not only benifits regional travelers but makes travelling within the region easier for overseas tourists. Air access to overseas markets, particularly in Asia and Europe while strained during the peak summer months, is not a major impediment to growth.

Responsibility for the major airports in Canada has been devolved to local airport authorities. The privatization of airport operations and maintenance has resulted in the airports assuming a larger role in the tourism industry. For the first time, the airports see themselves as key stakeholders who stand to

benefit for a growing tourism industry. At the same time, they recognize the impact their decisions can have on the competitiveness of industry (airport improvement fees, for example).

Automobile is still the major mode of access to Canada from the US given that in 1998, almost two thirds of overnight trips were by auto. However, the percentage of US visitors using automobiles as compared to other means of transportation in traveling to Canada has declined from 69 percent in 1994. This could be due to the Open Skies agreement and its positive impact on air travel, demographic and economic factors, or promotional and marketing campaigns promoting air travel to Canada from the US.

Still automobile is the major means of delivering visitors to Canada from the US. The pressure on the major border crossing points can become severe in the peak summer months, but Customs is working to speed the processing of international visitors with pilot projects to automate the verification of legitimate arrivals. Canada and the US agreed to establish the Accord on Our Shared Border in February, 1995. Under the Accord, the two governments plan to evaluate the use of transponder technology to clear low risk automobile traffic at border crossings.

On the marine side, while no access issue exists there is a legal issue outstanding in the cruise industry. At present, the Criminal Code prohibits slot machines and casino gambling on a cruise ship on an international voyage while it is in Canadian waters. Enforcement of the provision is assigned to the Attorney General of each province. Several private, commercial interests have requested an amendment to the Criminal Code to make it possible for slot machines and other casino games to be available to cruise ship passengers while the vessel is in Canadian waters. The Province of Quebec has already passed legislation to permit the provincial licencing of gambling on cruise ships if the Criminal Code is amended. The federal government is canvassing the provinces for their positions on the issue.

A second legal issue is one of access for customers. Visas are required from some countries to limit access to those deemed desirable. This is more the case in developing markets where it is a policy instrument to control entry to Canada. Legal access is not an impediment to visitors from our major markets. There are no visa requirements for visitors from nine of Canada's top ten markets. Taiwan is the only exception. Of the next ten most important markets, visas are required for Brazil, India and China.

Getting around Canada can be more of a problem than getting here. Compared to many other countries, the distance between tourist destinations is large and many tourist destinations are located away from major centres. Transportation of visitors within Canada is an important issue for the industry. Many of the modes of transportation that are used by visitors are regulated or monoply controlled and intermodality, the ability to make connections between different modes of transport, is not as pervasive as in some other destinations. Increased awareness of the impact of transport policy and market structures on the international competitiveness of Canadian tourism services may be desirable.

Canada has a number of provincial restrictions that could have a negative impact on tourism. Provincial regulations can have ramifications largely for the national treatment and commercial presence of foreigners seeking to do business in Canada. Specifically, many provinces have policies/regulations restricting land use to either citizens of Canada and/or the province itself. Many of these restrictions are specific to the recreational use of land which would, for example, have an impact on the development of resorts by foreigners and or, ownership of hunting outfitters. In addition, several provinces also have licensing requirements pertaining to various activities that are part of the tourism industry. Specific examples include licences for hunting and fishing as well as the operation of gaming facilities and lotteries. The importance and weight given to these types of provincial regulations have not been highlighted thus far largely due to the limited definition of tourism services now utilized by GATS members. However, in the context of an international trade environment, should a more detailed definition be adopted, the onus will be on Canada to be aware of the existence and impact of each of these regulations and, to make decisions regarding which ones it wishes to preserve and which ones may no longer be necessary.

Finally there are a number of provisions in the North American Free Trade Agreement (NAFTA) governing the delivery of tourism services. In Annex 5 of the NAFTA, Canada lists a quantitative restriction for *food, beverage and drug industries*. Specifically, the federal Importation of Intoxicating Liquors Act, RSC, 1985,c.1-3 gives each provincial government an import monopoly on any intoxicating liquors entering its territory. Further, Chapter 16 of the NAFTA, under the general services provisions of the business visitor category, provides for tourism personnel (tour and travel agents, tour guides, tour operators) attending or participating in conventions or conducting a tour that has begun in the territory of another party. Provisions exist also for tour bus operators entering the territory of another party with a group of passengers on a bus tour that has begun in and will return to, the territory of another party; to meet a group of passengers on a bus tour that will end, and the predominant portion of which will take place, in the territory of another party; or with a group of passengers on a bus tour to be unloaded in the territory of the party into which temporary entry is sought, and returning with no passengers or reloading with the group for transportation to the territory of another party.

Questions for Consideration:

1. Do Canadian Tourism Policies and Canadian Aviation/Transportation Policies work together to support the export of Canadian tourism services? How can tourism export issues be considered in the development of policies that have an impact on the industry but may not be directly related to it?

VI. ANALYSIS OF GATS COMMITMENTS RELATED TO TOURISM SERVICES

The following section analyses the commitments, related to the tourism sector, made by WTO Members during the last round of negotiations. Annex B contains a summary of these commitments for Canada's key trading partners. For details about GATS commitments, please contact us directly or visit our website at http://services2000.ic.gc.ca.

The Horizontal Commitments to Consider ...

As mentioned earlier, all Members committed to the basic precepts of trade liberalization in services, including the Most-Favoured-Nation (MFN) Treatment. In addition, several members also agreed to some basic horizontal issues and restrictions. These consist of broad measures affecting investment, real estate transactions, government subsidies or taxation, and the temporary movement of natural persons. To assess the full extent of trade liberalization, horizontal restrictions have to be examined in conjunction with sector-specific commitments.

... in Light of Sector-Specific Commitments

The remaining commitments are identified in the sector-specific schedules of each Member country. In the service sectors listed in their schedules, unless otherwise identified, Members agree to the basic obligations of the GATS: national treatment and market access.

As a result of the Uruguay Round and subsequent accessions to the WTO, as of September 1998, 112 WTO Members have made commitments in Tourism under the GATS (Annex B). This level is greater than for any other sector, and indicates the desire of most Members to expand their tourism sectors and to increase inward FDI as part of efforts to promote economic growth. As previously mentioned, the tourism sector was already highly liberalized before the Uruguay Round negotiations and few major obstacles remain.

In regard to the level of market access and national treatment provided within Member schedules, commitments by mode of supply vary widely for the Tourism sector as a whole (Table 1). The percentage of Members placing no restriction on market access (i.e. a "None" entry in their schedule for all subsectors where commitments are made) is highest for consumption abroad (at 49 per cent), and lowest for the presence of natural persons (at 1 per cent). Regarding national treatment, the pattern is similar, with the percentage of Members having no restrictions on their commitments at 52 per cent for consumption abroad and 11 per cent for the presence of natural persons.

Table 1: Number of Countries by Mode of Supply - Tourism and Travel-Related Services

Mode of Supply	Market Access			National Treatment		
	Full	Part	No	Full	Part	No
1) Cross-border Supply	33	49	30	37	48	27
	29%	44%	27%	33%	43%	24%
2) Consumption Abroad	55	47	10	58	42	12
	49%	42%	9%	52%	38%	11%
3) Commercial Prescence	25	86	1	49	61	2
	22%	77%	1%	44%	54%	2%
4) Presence of Natural Persons	1	105	6	12	90	10
	1%	94%	5%	11%	80%	9%

Regarding "Unbound" modes of supply, i.e. those for which no commitments are made, the level in respect to both market access and national treatment is highest for cross-border supply, due primarily to a lack of technical feasibility, at 27 per cent and 24 per cent, respectively. Table 2, which presents a more detailed analysis by individual sub-sector, shows a similar pattern to that for the Tourism sector as a whole.

Table 2: Percentage by Sector and Mode of Supply

Market Access	Cross-border			Consumption Abroad			Commercial Presence			Natural Persons		
	Full	Partial	No	Full	Partial	No	Full	Partial	No	Full	Partial	No
Hotels & Restaurants	31 %	23%	46 %	54 %	37%	9%	27 %	72%	1 %	3%	91%	6%
Travel Agencies & Tour Operators	49 %	19%	31 %	65 %	20%	15 %	27 %	67%	6 %	1%	88%	11 %
Tourist Guides	56 %	7%	37 %	78 %	13%	9%	41 %	54%	6 %	0%	85%	15 %
Other	38	31%	31 %	38 %	54%	8%	23 %	69%	8 %	0%	92%	8%
National Treatment	**Cross-border**			**Consumption Abroad**			**Commercial Presence**			**Natural Persons**		
	Full	Partial	No	Full	Partial	No	Full	Partial	No	Full	Partial	No
Hotels & Restuarants	37 %	21%	42 %	58 %	30%	12 %	51 %	46%	3 %	11 %	79%	10 %
Travel Agencies & Tour Operators	55 %	15%	30 %	70 %	13%	17 %	64 %	27%	9 %	17 %	69%	15 %
Tourist Guides	59 %	4%	37 %	85 %	4%	11 %	76 %	15%	9 %	13 %	67%	20 %
Other	54 %	23%	23 %	62 %	38%	0%	54 %	46%	0 %	23 %	69%	8%

Looking at Annex B, the number of commitments made also varies widely by sub-sector. "Hotels and restaurants" (sub-sector A) shows the greatest number, with 112 Members (i.e. all) making commitments, followed in order by sub-sector B, "travel agencies and tour operators services" with 89, sub-sector C, "tourist guides services", with 54, and sub-sector D, "other", with only 13 commitments. Under "other", a number of Members have given no description in their GATS schedule of what is included; other Members have listed specific activities, in one case including transport-related commitments. Of the 112 Members making commitments, 10 have made them in all four sub-sectors; 45

have made them in three subsectors, 36 in two subsectors and 21 in only the first sub-sector. In other words, nearly one-half of the Members making commitments have done so in three or more sub-sectors.

Limitations in General

Among the most common restriction appearing in schedules, the cross-border supply of hotel and restaurant services, as noted above, is often indicated as unbound due to lack of technical feasibility. An economic needs test is frequently required for opening new bars or restaurants; citizenship requirements are sometimes imposed for liquor licenses and tourist guide licenses. In regard to commercial presence, market access is often guaranteed only to hotels in excess of a certain size, e.g. 50 or 100 rooms, with access for hotels below that size subject to an economic needs test. In some cases licences are required for commercial presence, and in other cases commercial presence is restricted to fixed equity limits.

An MFN exemption affecting Tourism has been taken by Mexico in regard to tax deductions for individuals attending business conventions. Under the Aviation category in the Transport sector, Members have taken a significant number (16) of MFN exemptions for CRS; exemptions are also in place for a number of other aviation-related measures. In addition, a substantial number of Members have taken general MFN exemptions which may have an effect on the Tourism sector, most notably preferential access measures for natural persons.

The US government has questioned why only 49 per cent of WTO members have made commitments including full market access for mode 2 - consumption abroad. Generally they are seeking both the rationale behind the remaining restrictions and, more information on how they are administered. The US has also identified what they feel are significant mode 3 - commercial presence restrictions, including limitations on foreign equity, needs tests, citizenship requirements and restrictive licensing practices. To the US, these areas would appear to be good targets for further liberalization. Further, the US feels it is time to revisit the "technical unfeasibility" argument resulting in the dearth of commitments with respect to mode 1 - cross border supply of tourism services. Specifically, given the enormous liberalization and upgrading of WTO Members' telecommunications infrastructures and the growth of electronically provided tourism services (including travel and tourism services such as on-line reservations and bookings) via the Internet it may be appropriate to now make commitments in this mode of supply. Finally, the US has also proposed that the horizontal restrictions on the movement of persons also be reviewed.

Questions for Consideration:

1. With respect to overall commitments made for tourism services, would Canada like to see further liberalization?

2. With respect to the modes of delivery for tourism services, which ones would Canada like to see liberalized? All, none, some?

3. What types of restrictions does Canada find to be the most trade inhibiting when engaging in the export of tourism services?

4. Are there any particular countries that we would like to see liberalized further?

5. Does Canada agree with the U.S. analysis regarding future liberalization in this sector?

And in Canada Specifically ...

In the Uruguay Round, Canada scheduled commitments for tourism and travel related services in only two of the four available categories - "hotels and restaurants" and "travel agencies and tour operators". Canada did not list any commitments for "tourist guide services" or, utilize the "other" category.

With respect to its ***"hotels and restaurants commitments"*** Canada has not listed market access or national treatment limitations for the cross-border supply (mode1) or consumption abroad (mode 2) modes of delivering these services. However, for establishing a commercial presence (mode 3) in this category, Canada has listed the following market access and national treatment restrictions:

Market Access:

the sale of liquor

- in Quebec is limited to federally incorporated companies.

the sale of liquor in a restaurant, tavern or bar

- in Quebec, for juridical persons not listed on a Canadian stock exchange, all shareholders owning 10 percent or more of voting shares must be Canadian citizens or permanent residents.
- in Saskatchewan the majority of shareholders must be Canadian and manager must be a Canadian citizen or permanent resident.

the sale of liquor on premises

- in Nova Scotia new licences require a majority approval in a public vote

National treatment:

Purchase of recreational property
- in Ontario non-residents are required to pay a 20 per cent land transfer tax

Sale of alcoholic beverages
- in Ontario the majority of the board of directors must be Canadian citizens or landed immigrants and ordinarily resident in Ontario
- in Alberta at least one director must be a permanent resident
- in Newfoundland, Nova Scotia and Alberta: Agents or managers must be Canadian citizens, resident in the province
- in Quebec is limited to federally incorporated companies.

In addition to the above, Canada has a number of market access restrictions pertaining to the movement of natural persons that supplement the horizontal restrictions:

Sale of liquor in restaurant and tavern :
- In the province of Quebec there is a requirement for residency and citizenship

Sale of alcoholic beverages
- In the provinces of Alberta, Saskatchewan and Ontario there is a requirement for permanent residency
- In Manitoba, both citizenship and residency
- In Nova Scotia, licences will be granted only to Canadian citizens

With respect to its commitments relating to ***"travel agencies and tour operators services"*** Canada has also listed a number of limitations. Specifically, the Canadian schedule has the following cross border supply (mode 1) market access and national treatment limitations:

Market Access:
Travel agency and travel wholesalers
- In Ontario services must be supplied through a commercial presence
- Travel agencies services in Quebec must be supplied through a commercial presence

National Treatment:
Travel agents and travel councilors
- In Quebec there is a residency requirement
- In Ontario travel agents and wholesalers also face a residency requirement

Canada has listed no limitations under the cross border supply (mode 1) method of delivering travel agencies and tour operator services but, does have the following commercial presence (mode 3) limitation:

Travel agencies

- In British Columbia at least one of the partners in a partnership or one of the directors of a corporation must be ordinarily resident in the province

Finally Canada's commitments respecting the movement of natural persons (mode 4) in this category include the following national treatment limitations:

Travel agents, councilors and wholesalers

- in Quebec travel agents and councilors face a residency requirement
- in Ontario travel agents and wholesalers also face a residency requirement

Questions for Consideration:

1. Can Canada consider extending its commitments in the tourism sector to include the categories for "tourist guides services" and other. If yes, in which modes of supply? If no, why not?

2. With respect to the commitments Canada has already made, can any of the listed restrictions be eliminated or replaced by less restrictive measures. If yes, how would we list the new liberal measure? If no, what is our sensitivity?

VII. PROPOSED CANADIAN OBJECTIVES FOR THE GATS 2000 NEGOTIATIONS

Canada's objective for the next round of GATS negotiations is to improve the quality and quantity of schedules offered by Members. Based on an initial analysis, the following have been identified as proposed objectives for the tourism (the list is partial and open to review):

- Securing better market access for the *commercial presence* mode of delivery by negotiating less restrictive investment measures and nationality requirements, and fewer stipulations regarding the type of corporate entities Canadian firms can establish abroad;

- Securing improved access for tourism personnel;

- Improving transparency requirements and ensuring consistency of domestic regulations to facilitate foreign entry;

- Given the multi-sectoral nature of the tourism services industry achieving higher levels of liberalization in a variety of other sectors that have an impact on the export and delivery of tourism services; and

- Increasing the number of countries making full commitments in the tourism sector.

- Securing a broader definition of tourism services that is consistenet with the commercial realities of the sector.

VIII. LET US KNOW WHAT YOU THINK

Those involved, or interested, in international tourism activities can assist the government in refining these general objectives by providing information on their particular international activities and experiences. The following questions are offered as guidelines for formulating input.

- Please briefly describe your main international activities and identify the countries where you are most active.

- In order, what are the most important methods in providing services to foreign tourists:
    - establishing a legal entity in the foreign country (i.e. a subsidiary or branch);
    - partnering with a foriegn firm to deliver services outside Canada;
    - temporarily sending personnel to the client's foreign location;
    - by mail;
    - over the phone;
    - by fax;
    - transmitting your services electronically over the Internet; or
    - having the tourist visit you in Canada?

- In the future, do you anticipate that your method of delivering services internationally will change from that listed above? Please describe any changes.

- Do you expect to expand your international activities in the future? Please identify the countries of interest and the type of activities you would like to undertake.

- If you have limited or curtailed your international activities, was it as a result of:
    1. barriers to foreign market access;
    2. lack of government procurement opportunities;
    3. lack of commercial competitiveness; or
    4. other _____?

- Please identify any specific measures that have impeded your international business activities.

- Negotiation of a multilateral agreement on services trade may well involve an exchange of commitments in which each country would agree to further liberalization of its domestic market. Are there any Canadian measures affecting your sector that, in your view, should not be liberalized? Why?

- What would you consider priority concerns with respect to the liberalization of trade in services? (Rank the following from most to least important.)

1. Investment limits or restrictions
2. Restrictions on the form of commercial establishments (i.e. partnership, etc.)
3. Lack of intellectual property protection
4. Immigration/temporary entry restrictions
5. Limitations on the number of service providers (i.e. quotas, exclusive rights, etc.)
6. Non-recognition of professional credentials
7. Lack of transparency of local practice/licensing regime
8. Restrictions on access to government procurement projects
9. Preferences to buy from local companies
10. Subsidies and tax incentives
11. Licensing requirements
12. Qualification requirements
13. Restrictions on the use of company names
14. Residency/citizenship requirements
15. Restrictions on fee-setting
16. Unfair bidding practices
17. Currency controls
18. Others _____

If you wish to provide your views to the government, please forward your input to the following address:

GATS 2000
International Investment and Services Directorate
Industry Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Attention: Robert Ready
Telephone: (613) 954-2354
Fax: (613) 952-0540
E-mail: ready.robert@ic.gc.ca

IX. ACKNOWLEDGEMENTS AND REFERENCES

Much of the information in this document was sourced from the following two documents:

Canada in the Global Context: A statistical overview of the Canadian services economy prepared by the Service Industries and Capital Projects Branch of Industry Canada.

Tourism Services: A background note prepared by the World Trade Organization Secretariat.

X. ADDITIONAL INFORMATION SOURCES

About Tourism Services or Service Industries in General

Additional information on the tourism sector or service industries in general can be found on the Canadian Tourism Commission website at:

http://www.canadatourism.ca

or please contact:

Alan Doherty
Service Industries and Capital Projects Branch
Industry Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 954-2477
Fax: (306) 952-9054
e-mail: doherty.alan@ic.gc.ca

About the GATS

The legal text of the GATS agreement is part of the *Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations*, and can be purchased through any government bookstore. It is publicly available on the WTO website at:

http://www.wto.org/wto/legal/finalact.htm

The WTO website also provides additional background material on the structure of the GATS and on recent sectoral negotiations at:

http://www.wto.org/wto/services/services.htm

The EU also provides a practical examination of the WTO GATS commitments on its website at:

http://gats-info.eu.int/

You can also contact:

Margo Gallagher
The Services Trade Policy Division (EBS)
Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Telephone: (613)944-5047
Fax: (613) 944-0058

More information on the GATS 2000 Agenda

Visit Industry Canada's Service Industry website on Trade in Services at:

http://services2000.ic.gc.ca

Other Useful Information Link on the Internet

The United States International Trade Commission (USITC) is an independent, quasi-judicial federal agency that provides objective trade expertise to both the legislative and executive branches of government, determines the impact of imports on U.S. industries, and directs actions against certain unfair trade practices, such as patent, trademark and copyright infringements. USITC analysts and economists investigate and publish reports on U.S. industries and the global trends that affect them.

Their website is http://www.usitc.gov/

ANNEX A

DEFINITIONS AND GLOSSARY OF GATS TERMINOLOGY

Bound Commitment - Commitment that cannot be made more restrictive in the future; only further liberalization is permitted (unless the agreed penalty is paid).

Commitment - A measure, usually regarding market access or national treatment, that affects international trade in services. Commitments are listed in national schedules and identify service industries and modes of supply that are affected.

Emergency Safeguards - Measures suspending commitments under certain emergency situations.

Exclusive Rights - When the ability to provide certain services is restricted to a specific firm or firms.

Horizontal Commitment - Commitment that applies to international trade in multiple service industries. Typically, horizontal commitments constitute limitations on market access or national treatment.

Juridical Person - Any entity duly constituted or otherwise organized under applicable law, whether for profit or otherwise and whether privately or governmentally owned; includes corporations, trusts, partnerships, joint ventures, sole proprietorships and associations (branches and representative offices are not included).

Measure - A law, regulation, rule, procedure, decision, or administrative action that affects trade in services. Measures may pertain to: (1) the purchase, payment, or use of a service; (2) a service supplier's access to, and use of, services which are required to be available to the general public; and (3) a service supplier's ability to establish a presence, including a commercial presence, in a host country.

Member Countries - Countries that are signatories of the World Trade Organization and thus, the GATS.

Modes of Service Delivery:

- *Cross-border trade in services (Mode 1)* - Trade takes place from the territory of one Member into that of another without movement of the service provider, e.g. accountancy plans sent by wire or satellite.
- *Consumption abroad (Mode 2)* - Services consumed or purchased by nationals of a Member in the territory of another Member where the services are supplied, e.g. tourism, where the consumer travels to another country to consume the service.

- *Commercial presence (Mode 3)* - Any type of business or professional establishment, including branches and representative offices, e.g. direct investment in the host country.
- *Temporary movement of a natural person (Mode 4)* - Temporary presence of natural persons in a market for the purpose of supplying services, e.g. professionals or employees of service providers.

Most-favoured Nation Treatment - A service or service supplier from a WTO Member country must be treated as favourably as a service or service supplier from any other country.

National Treatment - Foreign services and service providers must be treated no less favourably than their domestic counterparts.

Natural Person - An individual who is a national of a country under the law of that country, or in the case of a country which does not have nationals (e.g. territories), an individual who has the right of permanent residence under the law of that country.

Organizational Form - The structure of a company (i.e. incorporated, partnership, etc.).

Technically Infeasible - Not possible because technology does not permit it.

Unbound - Describes a situation where a WTO Member wishes to remain able to introduce or maintain measures inconsistent with market access and national treatment obligations.

ANNEX B

SUMMARY OF GATS COMMITMENTS RELATED TO TOURISM SERVICES

This annex summarizes the commitments, related to the tourism services sector, made by WTO Members. The first section examines horizontal commitments that apply to all sectors while the second section includes details about the tourism services sector-specific commitments. Taken together these commitments represent the starting point for GATS 2000 negotiations. For reasons of presentation, the examination of sector-specific commitments is grouped by regions and limited to Canada's major trading partners. Complete information on all WTO Member commitments is available on request or on the government of Canada website at http://services2000.ic.gc.ca. A glossary of the terminology used in this section can be found in Annex A.

HORIZONTAL COMMITMENTS

These restrictions generally summarize broad measures affecting commercial presence and investment, real estate transactions, government subsidies and taxation, and temporary movement of natural persons. The horizontal commitments supersede any sector-specific commitments. To assess the full extent of trade liberalization, horizontal commitments have to be examined in conjunction with sector-specific commitments.

1. Commercial Presence and Investment Restrictions

The acquisition and control of a domestic business by a foreigner may be subject to investment ceilings, restrictions as to the type of assets that may be held, local incorporation and presence requirements, and government approval. For example, Canada requires approval for all direct acquisitions of Canadian businesses with assets equal to or higher than a monetary amount established annually and published in February of each year in the *Canada Gazette*; in 1998, the threshold was C$179 million for WTO Members. In addition, several countries require that the majority of staff be locally hired.

2. Real Estate Transactions Restrictions

Many countries restrict the purchase of real estate and the acquisition of land. Nationality restrictions and deposit requirements are relatively common. Often, these regulations are established by sub-federal levels of government and as a result tend to be extremely complicated. Rather than impose restrictions on domestic real estate regulations, the GATS rules require transparency and access to information about these rules.

3. Government Subsidies and Taxation

To clarify issues related to domestic taxation and access to subsidies, Members provided specific comments in their schedules on this issue. Foreigners may not be eligible for certain subsidies or may, under special circumstances, have to pay a different tax rate. For example, the United States reserves the right to impose higher taxes on a national, resident or corporation of a foreign country where a national, resident or corporation of the United States is subject to discriminatory or extraterritorial taxes. All countries maintain sovereignty over domestic issues of taxation and subsidization.

4. Movement of Natural Persons

Generally, the GATS does not prevent a Member from applying measures to regulate the entry of natural persons into, or their temporary stay in, its territory. The movement of natural persons is unbound under most GATS schedules. However, many Members generally committed to allowing temporary entry for intra-corporate transferees (managers, executives and specialists), personnel engaged in the establishment of a business, and service salespersons. Permanent entry is not dealt with in the GATS and remains the prerogative of local immigration authorities.

TOURISM SERVICES SECTOR-SPECIFIC COMMITMENTS

This section outlines the sector-specific commitments and limitations to market access and national treatment established in the individual country schedules. In total, 112 countries provided schedules for tourism services but the level of commitment varies significantly by region and country. For reasons of presentation, the examination of sector-specific commitments is grouped by region.

North America
(The terms of access provided by both the United States and Mexico in GATS are not as liberal as those provided in the North American Free Trade Agreement.)

United States

- The United States made commitments for tourism and travel related services under the categories of "hotels and restaurants", "travel agencies and tour operators", "tour guide services", and an "other category.
- Other than barriers caused by domestic regulation, the United States has relatively few restrictions on trade in tourism and travel related services.
- The US provides full market access and national treatment for cross-border and consumption abroad delivery of these services. The only exception to the commercial presence mode is for

official (non-commercial) tourism offices which are not permitted to operate on a commercial basis in the US, and that the number of concessions for tour guide services provided in government facilities (for example, national and state parks), is limited.

Mexico

- Mexico made commitments in "hotel and restaurant services", "travel agencies and tour operators", and "tourist guide services".
- Under commitments for hotel and restaurant services, a market access, commercial presence limitation exists for the following subcategories; motel services, board and lodging in guest houses and furnished accommodation, youth hostels and temporary camping facilities, camping facilities for mobile homes, restaurant services, cabarets and night-clubs, canteens, bars and taverns. In some cases foreign investment only up to 49 percent of the registered capital of enterprises is permitted. In all cases, it is necessary to hold a licence issued by the Ministry of Tourism (SECTUR) and a permit to engage in the activity from the competent authority (federal state or municipal).
- Cross border delivery of services across all categories for market access and national treatment commitments remain unbound due to "lack of technical feasibility"

South America

- Countries with GATS commitments in tourism and travel related services: *Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Uruguay, and Venezuela*. Only Argentina made commitments in all four categories. Chile, Paraguay, and Uruguay made commitments in 3 categories including hotels & restaurant services, travel agencies & tour operators, and tourist guide services. Venezuela also made commitments in 3 categories but omitted tourist guide services in favour of the "other" category. Bolivia, Colombia, Ecuador, Guyana, and Peru made commitments in the first two categories while Brazil scheduled only in hotels & restaurant services.
- Only Argentina, Ecuador and Uruguay provide unrestricted market access and national treatment provisions for their commitments.
- Bolivia, Brazil, Chile, Columbia, Guyana and Peru remain unbound with respect to cross-border supply. Brazil and Peru extend this to their consumption abroad commitments.
- Brazil and Peru also place restrictions on their commercial presence commitments while Paraguay remain unbound in this mode with respect to travel agencies and tour operators. In Brazil, a national treatment limitation exits in the form of preferential tax credits for Brazilian firms operating in the Amazon and North-Eastern regions. Other incentives are limited to firms with majority ownership of capital held by Brazilian citizens or legal entity. Peru has several market access restrictions in the form of rigorous classification systems and licencing

requirements for lodging, restaurant and gaming services. Strict regulations exist for travel agencies and tour operators in the form of a registration and bond requirement.

- With respect to the movement of natural persons, Paraguay remains unbound except for senior managerial personnel with staff training programs and specialists. Venezuela has market access restrictions in the form of a preference for graduates of Venezuelan tourism institutes. Venezuela also has a national treatment restriction in that only foreigners who have been residing in Venezuela for an uninterrupted period of more than five years may own and operate tourist camps.

Central America and the Caribbean

- Countries with GATS commitments in tourism services: *Antigua and Barbuda, Aruba, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, Suriname, Trinidad and Tobago.* Only Guatemala made commitments for all four sub-sectors. Costa Rica, Cuba, Dominican Republic, El Salvador, Honduras and Nicaragua made commitments in the first three subsectors. Guyana, Jamaica, Panama, St. Vincent and Grenadines, Suriname and Trinidad and Tobago made commitments in the first two sub-sectors. Antigua and Barbuda, Aruba, Dominica, Grenada, Haiti, Netherlands Antilles and St. Kitts and Nevis only made commitments in the first category.
- Citing lack of technical feasibility, market access and national treatment commitments respecting the cross border supply of the various tourism services remain unbound for the majority of countries in this region including Aruba, Costa Rica, Dominica, El Salvador, Grenada, Guatemala, Honduras, Netherlands Antilles and St. Kitts. With the exception of Nicaragua, which is unbound in this mode for both the "hotels and restaurants" and "travel agencies and tour operators" services - Cuba, Dominican Republic, Guyana, Nicaragua, and Panama are unbound only for their commitments respecting "hotels and restaurants"
- With respect to tourism services commitments and the "consumption abroad" mode of delivery, Cuba remains unbound with respect to all its commitments. Costa Rica, El Salvador, Guatemala, and Nicaragua are unbound regarding their consumption abroad commitments and "travel agencies and tour operators" services while, the Dominican Republic is unbound in this mode for "hotels and restaurants.
- Regarding "commercial presence" restrictions Guatemala and Honduras are unbound in this mode with respect to "travel agencies and tour operators" and "tourist guide" services. Aruba & Barbuda restrict market access and national treatment according to the Hotel Proprietors Act. Costa Rica's commitments in this mode are either unbound or, have market access limitations requiring an enterprise to prove that it is a tourist business through earnings calculations. There are also market access and national treatment limitations in the form of foreign equity limitations

up to 49 percent for "travel agencies and tour operator" services or, restrictions limiting the supply of "tourist guide services" to Costa Rican nationals.

- Dominica, Grenada, St. Kitts and St. Lucia have minimum size requirements for hotels. Dominica and Grenada also require commercial presence enterprises to be subject to alien landholding and exchange control regulations. St. Kitts restricts ownership of non-ethnic restaurants to nationals. Commercial presence enterprises in Dominica, Grenada, and St. Kitts are also subject to a withholding tax.
- Trinidad and Tobago restrict the "commercial presence" mode of delivery to inbound passengers only while Jamaica has licensing and registration requirements.
- Commitments respecting the "movement of natural persons" is generally governed by provisions in the horizontal sections of member schedules. However, Aruba remains simply unbound in this mode. Costa Rica is either unbound, or limits movement to Costa Rican service providers. Dominica, Grenada, Guatemala, Haiti, St. Lucia, and St. Vincent are either unbound or stipulate specific categories of personal who are permitted to provide services - usually managerial staff or specialists.

European Union

- Countries with GATS commitments in tourism and travel related services: *Austria, Belgium, Denmark, Finland, France, Germany, Greece, the Netherlands, Ireland, Italy, Luxembourg, Portugal, Spain, Sweden, and United Kingdom.* All countries made commitments in the first three subsectors - "hotels and restaurants", "travel agencies and tour operators" and "tourist guides". No countries made commitments under the "other" category.
- Except for catering services, all countries remain unbound with respect to the cross-border supply of "hotels and restaurants". In addition, Italy and Portugal remain unbound with respect to the cross-border supply of "tourist guides services".
- None of the EU members scheduled restrictions respecting the consumption abroad delivery of their commitments.
- With respect to the commercial presence mode, England, Germany. Italy and Portugal scheduled a market access restriction indicating that authorization can be denied with respect to "hotels and restaurant"services in order to protect areas of particular historic and artistic interest. In addition, Italy has requires a local economic needs test on the opening of new bars, cafes and restaurants.
- Belgium restricts market access for the commercial presence with respect to "travel agencies and tour operators" by stipulating that authorization for non-EC incorporated companies must have a permanent base in Belgium and, the person directing the daily operations is an EC national. Portugal also requires firms to constitute and have a corporate base in Portugal. Italy has an economic needs test in place.
- The presence of natural persons supplying "hotels and restaurant" services is unbound except in France where a market access restriction exists stipulating a condition of nationality for cafes and

bars. Regarding "travel agencies and tour operators" services Austria, Belgium, Denmark, the Netherlands, Italy, Finland, Ireland and Sweden remain unbound except for tour managers (defined as a person whose function is to accompany a tour group of a minimum of 10 persons acting as guides in specific locations). Of these countries, only Finland does not require a professional certificate and three years' professional experience.

- The movement of natural persons also faces additional restrictions respecting the delivery of "tourist guide" services. England and Italy have a market access restriction stipulating that the right to exercise this activity is reserved for local organizations of tourist guides. Germany, England, France, Italy and Portugal also restrict access to this activity with a nationality requirement.

Other European Countries (including eastern Europe)

- Countries with GATS commitments in tourism and travel related services: *Bulgaria, the Czech Republic, Hungary, Iceland, Liechtenstein, Malta, Norway, Poland, Romania, the Slovak Republic, Slovenia, and Switzerland.* None of these countries made commitments in all four subsectors for tourism and travel related services. The Czech Republic, Liechtenstein, Norway, Romania, the Slovak Republic and Switzerland made commitments in the first three subsectors while Bulgaria, Hungary, Iceland, Malta, Poland and Slovenia did so with respect to the first two subsectors.
- Largely due to reasons of 'lack of technical feasibility', the cross-border supply of "hotels and restaurants" services is unbound for the majority of countries including Bulgaria, the Czech Republic, Liechtenstein, Malta, Poland, Romania, the Slovak Republic, Slovenia and Switzerland. Commitments respecting "travel agencies and tour operators" are also unbound for Bulgaria, the Czech Republic, Hungary, Malta and the Slovak Republic. Poland and Slovenia have market access and national treatment restrictions requiring a commercial presence for this category of tourism services. Commitments regarding "tour guide" services are unbound for the Czech Republic, Liechtenstein, the Slovak Republic and Switzerland.
- There are no restrictions regarding the consumption abroad delivery of tourism services.
- Regarding the commercial presence mode of delivery for "hotels and restaurants" services, Bulgaria has market access and national treatment restrictions in the form of incorporation and licencing requirements as well as restrictions on the number of foreigners who can be employed in management positions. Iceland has residency and licensing requirements while Liechtenstein has restrictions in the form of an economic needs test and examinations for foreigners. Slovenia has an authorization requirement for areas of particular historic and artistic interest while Switzerland has a number of cantonal requirements including economic needs tests, licensing and residency requirements and examination requirements.
- Regarding commercial presence and "travel agencies and tour operators", Bulgaria has the same restrictions regarding incorporation, licensing and limited employment for foreign management.

the Czech Republic restricts market access with and economic needs test and Iceland requires liability insurance and deposits in addition to residency and licensing requirements.

- Switzerland is the only country with restrictions on "tourist guide" services and commercial presence. In this country, in order to work as a mountain guide or ski instructor, passing an examination is required; cantons may restrict access to foreigners for this exam and may restrict the ability of foreign mountain guides and ski instructors to practice independently; residency in same cantons may be required.
- With respect to the movement of natural persons in the delivery of "hotels and restaurants" services, Iceland restricts market access and national treatment by requiring one year of residency as a condition of licensing. Norway is unbound in this mode and category except for tour managers. Switzerland has a commercial presence requirement in addition to some cantonal specific residency requirements.
- Regarding "travel agencies and tour operators", Iceland restricts the movement of natural persons with residency and licensing requirements. In Iceland "tour guide" services are restricted by residency and authorization requirement. In addition to its horizontal commitments, Switzerland stipulates that in order to work as a mountain guide or ski instructor, passing an exam is required; cantons may restrict access to such exams for foreigners and may restrict the ability of foreign mountain guides and ski instructors to practice independently; in some cantons commercial presence may be required.

Africa

- Countries with GATS commitments in tourism and travel related services: ***Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Congo R.P., Côte d'Ivoire, Djibouti, Egypt, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.***
- Of the African nations scheduling tourism commitments, only Egypt, Mauritius, Morocco, Sierra Leone and Zimbabwe scheduled in all four subsectors. Burundi, Congo, Congo R.P, Côte d'Ivoire, Gambia, Kenya, Lesotho, Mauritania, Niger, Nigeria, South Africa, Togo, and Zimbabwe made commitments in the first three subsectors. Botswana, Burkina Faso, Cameroon, Central African Republic, Chad, Gabon, Ghana, Guinea, Namibia, Senegal, Tunisia and Uganda scheduled in two subsectors. Angola, Benin, Djibouti, Guinea-Bissau, Mali, Rwanda, Swaziland, and Tanzania only scheduled in the first subsector.
- Cross-border supply commitments related to the supply of "hotels and restaurants" services remain unbound for a large number of African nations including, Burkina Faso, Cameroon, Central African Republic, Egypt, Gabon, Guinea, Kenya, Lesotho, Mauritania, Niger, Senegal, South Africa, Swaziland and Tunisia. Mauritius also has restrictions in the form of incorporation

requirements, regulations regarding the repatriation of profits, and a minimum size requirement before foreign participation will be permitted. Cross-border supply for "travel agencies and tour operators" is also unbound in Cameroon, Egypt, Lesotho, Mauritania and Tunisia. Both Niger and Morocco have restrictions requiring agencies established outside of either country to work through agencies established in their respective countries. Cross border supply for "Tour guides" services remain unbound in Cameroon, Egypt, Guinea, Lesotho, Morocco, Niger and South Africa. Niger also requires that at least one local guide be attached to tours. Mauritius includes restrictions limiting the supply of these services to Mauritian nationals (exceptions are made only for languages that are not spoken by Mauritians). Cross-border supply of "other" tourism services is unbound in the Central African Republic. Mauritius scheduled additional categories including 'tourist transportation', 'yacht chartering and cruising' and 'tourist duty free shops' however, the supply of these services are limited to Mauritian nationals.

- Consumption abroad commitments related to "hotels and restaurants" remain unbound for Cameroon, Central African Republic and Botswana. In addition, Botswana has a restriction limiting for each trip and the entire year the amount of local and foreign currency to which permanent residents are entitled. Regarding their commitments made with respect to 'travel agencies and tour operators", Cameroon, Central African Republic and Lesotho remain unbound. In addition, Central African Republic is also unbound for it consumption abroad commitments related to "tour guides" and "other" services.
- Commercial presence commitments regarding "hotels and restaurants" remain unbound for Central African Republic and Lesotho. Botswana's commitments are restricted with residency requirements while both Chad, Uganda and Tanzania subject this mode of delivery to provisions of their respective investment codes and approval regulations. Gabon, Congo, Guinea, Guinea-Bissau and Niger require discretionary ministerial approval. Egypt has in place an economic needs test, requirements that Casino's meet a minimum "star" rating, foreign equity limitations and training obligations towards Egyptian employees. In Mauritius, foreign participation is limited to 49 per cent in hotels with less than 100 rooms and, staff in foreign establishment must be predominantly Mauritian. Senegal has licence requirements while commercial enterprises in Togo are subject to laws concerning acquisition of real estate by foreigners.
- Commercial presence restrictions affecting the delivery of "travel agencies and tour operators" remain unbound in Central African Republic and Uganda. Burkina Faso restricts the number of number of foreign travel agencies permitted to 1/3 the national total while Chad subjects these establishments to provisions of the investment code and approval regulations. Niger, Gabon and Congo require prior, discretionary ministerial approval. Egypt has and economic needs test and training obligations. Mauritius tempers its commitments with requirements for bank guarantees and licences in addition to approval from four different ministries and compliance with national transport regulations. Morocco and Senegal require operating licences while Zimbabwe has annual usage levies on enterprises visiting the various parks and utilizing different types of transportation equipment.

- Commercial presence restrictions affecting the delivery of "tour guides" services include Congo's discretionary ministerial approval requirements and Egypt's quota's on the inland water and passenger tours. Mauritius only permits these services in areas of linguistic scarcity while Niger and Morocco have nationality requirements. Zimbabwe has annual usage levies on enterprises visiting the various parks and utilizing different types of transportation equipment.
- Egypt has made commitments in the "other" category including tourism property management and the rental and leasing of tourism property. However, it has restricted these commitments with an economic needs test and training obligations. Mauritius made "other" commitments including tourist transport operations, yacht chartering and tourist duty free shops but has either limited the provision of these services to Mauritians or, has foreign equity limitations. Further restrictions include an export service certificate and restrictions on transactions in foreign currency to tourists.
- Commitments respecting the movement of natural persons and "hotels and restaurants" services are unbound in Angola, Burkina Faso, Congo, Central African Republic, Djibouti, Guinea, Guinea-Bissau, Rwanda, Tanzania, Swaziland and Uganda. However, with the exception of Central African Republic, the remaining countries allow executives, senior management and specialists. Swaziland extends its categories to include chefs and cooks. Gabon, Mauritania and Niger allow similar categories but further stipulate that movement must be made by employees of a company that are transferred to a company incorporated in their respective countries belonging to, controlled by or a subsidiary of the former. Most countries included similar restrictions respecting the movement of natural persons and their "travel agencies and tour operators" and "tour guides" commitments.

Middle-East

- Countries with GATS commitments in tourism and travel related services: *Israel, Kuwait, Qatar, United Arab Emirates*. None of the middle eastern countries scheduled commitments in all four subsectors. Israel and Kuwait lead the way by scheduling in the first three subsectors. The United Arab Emirates scheduled in "hotels and restaurants" and "tourist guides" services while Qatar only offered commitments with respect to the first subsector "hotels and restaurants".
- All countries remained unbound with respect to the cross-border supply of their various commitments presumably, though not explicitly stated, for reasons of lack of technical feasibility.
- None of the countries scheduled crossborder supply restrictions.
- Only Israel scheduled commercial presence restrictions in the form of a market access and national treatment restrictions regarding foreign ownership in all scheduled subsectors and requiring minimum Israeli hiring requirements for travel agencies and tour operators. There is also a citizenship and residency requirement for tour guides.
- None of the countries scheduled additional restrictions, beyond what appears in their horizontal commitments, respecting the movement of natural persons.

Asia

- Countries with GATS commitments in tourism and travel related services: *Australia, Bangladesh, Fiji, India, Indonesia, Hong Kong, Japan, Korea RP, Macau, Malaysia, Maldives, Mongolia, Myanmar, New Zealand, Pakistan, Papua New Guinea, Solomon Islands, Sri Lanka, Thailand and Turkey*. None of the countries in Asia made commitments in all four sub-sectors of tourism services. Australia, Indonesia, Japan, Korea, Mongolia, New Zealand and Thailand scheduled in three subsectors followed by India, Hong Kong, Macau, Malaysia, Myanmar, Pakistan, Sri Lanka and Turkey with commitments in two sub-sectors. Bangladesh, Fiji, Papua New Guinea and the Solomon Islands scheduled in only one subsector.
- Cross-border commitments with respect to "hotels and restaurants" remain unbound for Australia, Bangladesh, India, Hong Kong, Japan, Korea, Macau, Malaysia, Myanmar, Pakistan, Sri Lanka, Thailand, and Turkey. India, Hong Kong, Macau, Malaysia, Pakistan and Thailand are also unbound with respect to their "travel agencies and tour operators" commitments. Japan is the only country that remains unbound for "tour guides" services. Australia has an additional commercial presence requirement for travel agencies while Turkey stipulates that foreign travel agencies may not organize abroad. Myanmar remains unbound in this area.
- Consumption abroad commitments for "hotels and restaurants" are unbound for Bangladesh, India, Hong Kong, Macau, Pakistan and Sri Lanka. With the exception of Bangladesh, the same holds true for country commitments in "travel agencies and tour operators" services.
- Commercial presence commitments respecting "hotels and restaurants" have a number of restrictions including Fiji's government approval and registration requirements. In addition, restaurant services are limited to specialty and hotel restaurants. India, Myanmar, Thailand and Malaysia all have foreign equity ceilings. In addition, Malaysia only permits service delivery through a locally incorporated joint venture with Malaysian corporations. Indonesia also has a higher paid up capital requirement for foreign service suppliers and only permits 3,4,5 star hotels.
- Commercial presence commitments in the "travel agencies and tour operators" sub-sector include restrictions in the form of foreign equity ceilings in India, Malaysia and Thailand. Malaysia also has joint venture requirements. Indonesia has numeric quotas for both travel agencies and tour operators and further stipulates that tour operators must be a travel agent located in its major cities. Thailand further requires that not less than half of the board of directors of these enterprises be of Thai nationality. Hong Kong requires that companies incorporate under the Companies Ordinance while Macau does not permit branches or subsidiaries. Turkey has a number of foreign exchange restrictions and guarantee requirements.
- Commercial presence restrictions affecting "tour guides" and "other" services include Korea's stipulation that only travel agencies are allowed to supply tourist services and Indonesia's higher paid up capital requirement for foreigners.
- Movement of natural persons commitments with respect "hotels and restaurants" are generally unbound except for executives, senior management and specialists. Indonesia extends the

employment categories to the more specific general managers, food and beverage managers, resort managers, comptrollers, marketing directors, chefs and sous chefs etc. Hong Kong, Myanmar and Macau remain unbound in this mode. Fiji stipulates that movement will only be permitted when skills cannot be sourced locally. Turkey requires permission from the Ministry of the Interior and the Ministry of Tourism in addition to stipulating that employment of foreign personnel cannot exceed 10 per cent of the total.

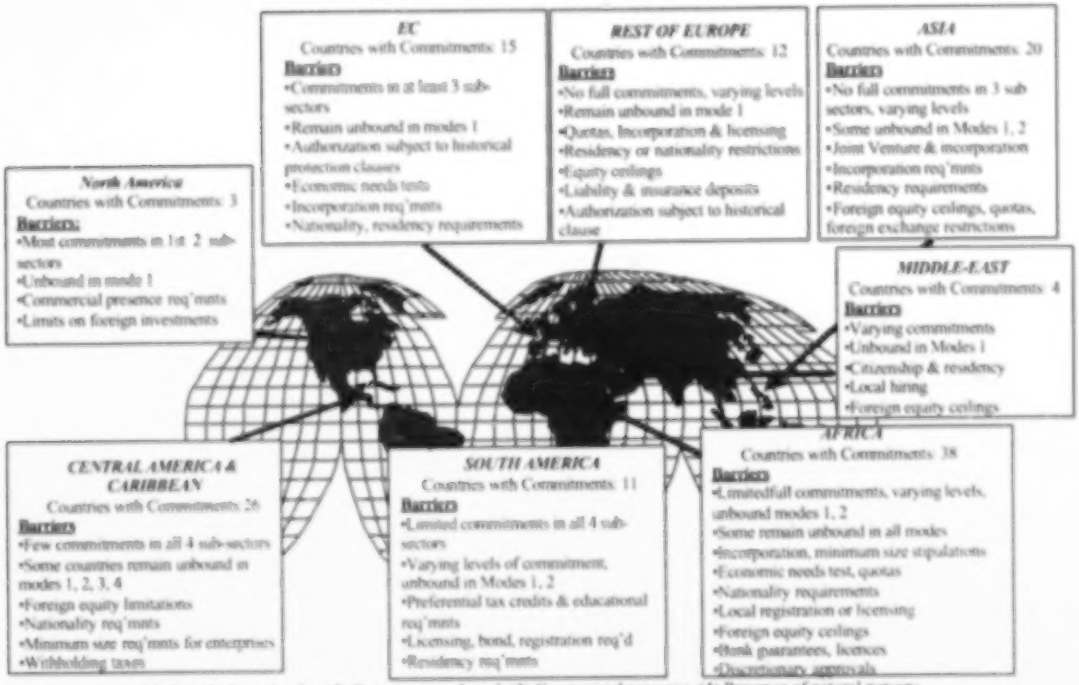
Summary of Specific Tourism Services Commitments

COUNTRIES	09.A.	09.B.	09.C.	09.D	TOTAL
Angola	X				1
Antigua and Barbuda	X				1
Argentina	X	X	X	X	4
Australia	X	X	X		3
Austria	X	X	X		3
Bangladesh	X				1
Benin	X				1
Bolivia	X	X			2
Botswana	X	X			2
Brazil	X				1
Bulgaria	X	X			2
Burkina Faso	X	X			2
Burundi	X	X	X		3
Cameroon	X	X			2
Canada	X	X			2
Central African Republic	X	X	X	X	4
Chad	X	X			2
Chile	X	X	X		3
Colombia	X	X			2
Congo	X	X	X		3
Congo R.P	X	X	X		3
Costa Rica	X	X	X		3
Côte d'Ivoire	X	X	X		3
Cuba	X	X	X		3
Czech Republic	X	X	X		3
Djibouti	X				1
Dominica	X				1
Dominican Republic	X	X	X		3
Ecuador	X	X			2
Egypt	X	X	X	X	4
El Salvador	X	X	X		3
European Community	X	X	X		3
Fiji	X				1
Finland	X	X	X		3
Gabon	X	X			2
Gambia	X	X	X		3
Ghana	X	X			2
Grenada	X				1
Guatemala	X	X	X	X	4

COUNTRIES	09.A	09.B	09.C	09.D	TOTAL
Guinea	X		X		2
Guinea-Bissau	X				1
Guyana	X	X			2
Haiti	X				1
Honduras	X	X	X		3
Hong Kong	X	X			2
Hungary	X	X			2
Iceland	X	X	X		3
India	X	X			2
Indonesia	X	X		X	3
Israel	X	X	X		3
Jamaica	X	X			2
Japan	X	X	X		3
Kenya	X	X	X		3
Korea, Republic of	X	X	X		3
Kuwait	X	X	X		3
Lesotho	X	X	X		3
Liechtenstein	X	X	X		3
Macau	X	X			2
Malawi	X	X	X	X	4
Malaysia	X	X			2
Mali	X				1
Malta	X	X			2
Mauritania	X	X	X		3
Mauritius	X	X	X	X	4
Mexico	X	X	X		3
Mongolia	X	X	X		3
Morocco	X	X	X	X	4
Myanmar	X	X			2
Namibia	X	X			2
New Zealand	X	X	X		3
Nicaragua	X	X	X		3
Niger	X	X	X		3
Nigeria	X	X	X		3
Norway	X	X	X		3
Pakistan	X	X			2
Panama	X	X			2
Papua New Guinea	X				1
Paraguay	X	X	X		3
Peru	X	X			2
Philippines	X	X			2
Poland	X	X			2
Qatar	X				1
Romania	X	X	X		3
Rwanda	X				1
St. Kitts & Nevis	X				1
St. Lucia	X				1
St. Vincent & Grenadines	X				1
Senegal	X	X			2
Sierra Leone	X	X	X	X	4
Slovak Republic	X	X	X		3
Slovenia	X	X			2

COUNTRIES	09.A.	09.B.	09.C.	09.D	TOTAL
Solomon Islands	X				1
South Africa	X	X	X		3
Sri Lanka	X	X			2
Suriname	X	X			2
Swaziland	X				1
Sweden	X	X	X		3
Switzerland	X	X	X		3
Tanzania	X				1
Thailand	X	X		X	3
Togo	X	X	X		3
Trinidad and Tobago	X	X			2
Tunisia	X	X			2
Turkey	X	X			2
Uganda	X	X			2
United Arab Emirates	X		X		2
Uruguay	X	X	X		3
USA	X	X	X	X	4
Venezuela	X	X		X	3
Zambia	X	X	X	X	4
Zimbabwe	X	X	X		3
TOTAL	112	89	54	13	268

Figure 6:
TOURISM SERVICES
Limitations to GATS Commitments



Modes: (1) Cross-border, (2) Consumption abroad, (3) Commercial presence, (4) Presence of natural persons